
Washington State Auditor's Office

Exit Conference

Law Enforcement Officers' & Fire Fighters' Plan 2 Retirement Board

July 1, 2007 through June 30, 2009

November 18, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR

Audit Approach

Accountability for Public Resources and Legal Compliance

We perform individual audits of entities on a cyclical basis to provide reasonable assurance of compliance with legal requirements as well as to determine if adequate internal controls are in place. In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, our audits focus on identifying and examining those transactions, activities or areas that pose the highest risk of noncompliance.

Financial Statements

We perform an annual audit of the statewide basic financial statements in accordance with *Government Auditing Standards*. These financial statements are included in the Comprehensive Annual Financial Report (CAFR) prepared by the Office of Financial Management. The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's financial operations.

The Board has no accounts material to the state's basic financial statements for this audit period.

Federal Compliance

We perform an annual audit of federal grant expenditures for the state of Washington as required by the Single Audit Act. Federal grant audit work is performed on a statewide basis, and we select federal programs for audit using risk-based criteria set forth in the U.S. Office of Management and Budget Circular A-133.

The Board has no major federal programs for this audit period.

Audit Scope

Our audit was planned and conducted using a risk-based approach for the period beginning July 1, 2007 and ending June 30, 2009:

Accountability for Public Resources and Legal Compliance

We evaluated accountability for public resources and compliance with certain laws and regulations in the following areas:

- Disbursements
- Payroll

Audit Results

Audit Recommendations

We are pleased to report no findings or management letter items. We will review the status of the following exit items in our next audit.

Vendor Payments

During our audit of the Board's vendor payments we found the following control weaknesses:

- The Executive Director and the Deputy Director sign their approval on labels that are adhered to invoices. There is no assurance that these labels cannot be pre approved and placed on an unauthorized purchase or removed from an approved purchase and placed on an unauthorized purchase.
- Both the Executive Assistant and the Administrative Manager have the ability to approve purchases and sign documents using the Board Chairman's electronic signature. They are required to have an e-mail from the Board Chairman authorizing the use of the signature before it is placed on any document. However, none of the purchases that we reviewed included an authorizing e-mail with the supporting documents.

We recommend that all approving signatures be placed directly on documents as evidence that a purchase has been reviewed and is approved.

We also recommend that support of purchases with an electronic approving signature include a copy of the authorizing e-mail.

Payroll

During our audit of the Board's leave process we found the following exceptions:

- No one reviews the Executive Director's leave slips. This was also reported in the prior audit.
- The Administrative Services and Communication Director fills out only one leave slip per pay period for total leave taken. The leave slips don't indicate how many hours of leave were used by day. This employee also prepares the attendance report, which is the document used to input leave taken into the payroll system. Without adequate documentation of leave taken, a proper review of leave slips and a reconciliation of leave slips to the attendance report cannot be made.

- The Executive Director's review of the attendance report did not detect a discrepancy between hours reported on a leave slip and what was reported on the attendance report. The leave slip submitted by the Administrative Services and Communication Director indicated 23 hours of leave taken, but the approved attendance report prepared by this employee only showed 18 hours of leave taken.

We recommend:

- An independent person sign the Executive Director's leave slips.
- Leave slips should have the actual times and dates of leave taken.
- Reviews of the attendance report should ensure leave slips are consistent with leave recorded on the report.

Status of Prior Audit Recommendations

<i>Prior Audit Exit Items</i>	<i>Resolved</i>	<i>Unresolved</i>
Payroll		X

Audit Reports

Accountability Report

This report summarizes the results of the accountability audit. The report will not include any findings.

The Board's Accountability Report is expected to be issued November of 2009. We now offer a free subscription service that allows you to be notified by email when audit reports are released or posted to our Web site. You can sign up for this convenient new service on our website at:

www.sao.wa.gov/applications/subscriptionservices

Financial Statement Reports

Our opinion on the state of Washington's Basic Financial Statements is included in the state's CAFR. This report is issued by the Office of Financial Management in December of each year.

Single Audit Reports

This report discloses the results of our audit of the major federal programs as well as our opinion on whether the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The Office of Financial Management issues this report in March of each year.

Concluding Remarks

We would like to thank officials and employees for their helpfulness and timely response to our audit requests. We will be sending an e-mail to Jessica Burkhart regarding an on-line customer service survey. This email will be from "State Auditor's Office <WA-StateAuditor@sao.wa.gov>". Please take a few minutes to complete this survey. Your feedback is important to our on-going commitment to continually develop and improve our audit process.